

BILL ANALYSIS

Senate Research Center
83R21472 ATP-D

H.B. 1982
By: Murphy (Hinojosa)
Economic Development
5/7/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Enterprise Zone Act authorizes the governing body of a county with a population of one million to nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. Interested parties contend that this provision effectively prevents such a county from nominating a company to receive the benefit of the enterprise zone if the project is located in the extraterritorial jurisdiction of a city that is not located in the county that nominates the project.

H.B. 1982 seeks to give the governing body of a county more flexibility when nominating a project or activity of a qualified business for designation as an enterprise project.

H.B. 1982 amends current law relating to the enterprise zone program.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2303.004, Government Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Authorizes the governing body of a county, rather than the governing body of a county with a population of one million or more, notwithstanding Subsection (a) (relating to providing that the Texas Department of Housing and Community Affairs has the powers necessary or appropriate to carry out the purposes of this chapter (Housing Rehabilitation)), to nominate for designation as an enterprise project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. Deletes existing text prohibiting a county during any biennium, for purposes of this subsection, from using in any one municipality more than three of the maximum number of designations the county is permitted under Section 2303.406(d)(2) (relating to authorizing a bank to designate a maximum number of nine enterprise projects for each nominating body during any biennium under certain circumstances).

(c) Requires a nominating county, before the county makes a nomination under Subsection (b), to enter into an interlocal agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located. Requires that the interlocal agreement specify that either the nominating county or the municipality that has jurisdiction of the territory in which the nominated project or activity will be located is the governmental body having administration authority under Section 2303.201 and that both the nominating county and municipality approve the nomination. Authorizes a county during any biennium, for purposes of this subsection, to use the maximum number of designations the county is permitted under Section 2303.406(d) (relating to authorizing a bank to designate a certain maximum number of enterprise projects for each nominating body during any biennium) within the territory described by this subsection.

SECTION 2. Amends Section 2303.201, Government Code, as follows:

Sec. 2303.201. ADMINISTRATION BY GOVERNING BODY. (a) Creates this subsection from existing text. Provides that the governing body of an enterprise zone is the governing body of the municipality or county with jurisdiction over the area designated as an enterprise zone, except as provided by Subsection (b).

(b) Provides that the governing body with administration authority over an enterprise project nominated under Section 2303.004(c) is determined under the terms of an interlocal agreement required by that subsection.

SECTION 3. Amends Section 2303.4052, Government Code, as follows:

Sec. 2303.4052. REQUIRED INFORMATION FROM NOMINATING BODY. Requires the nominating body, before nominating the project or activity of a qualified business for designation as an enterprise project, to submit to the bank:

(1)-(3) Makes no change to these subdivisions;

(4) Makes a nonsubstantive change;

(5) any interlocal agreement required under Section 2303.004(c) that states:

(A) which governing body has the administration authority under Section 2303.201; and

(B) that both the county in which the project or activity is located and the municipality in whose jurisdiction the project or activity is located approve the nomination of the project or activity; and

(6) Redesignates existing Subdivision (5) as Subdivision (6) and makes no further change to this subdivision.

SECTION 4. Amends Section 2303.406, Government Code, by adding Subsection (d-1), as follows:

(d-1) Authorizes an enterprise project designation to be split into two half designations. Provides that a half designation uses one-half of one of the enterprise project designations allowed to a nominating body under Subsection (d) and to the bank under Section 2303.403 (Prohibition on Qualified Business Certification; Limit on Enterprise Project).

SECTION 5. Amends Section 2303.407, Government Code, by adding Subsection (e) to provide that the maximum number of jobs that the bank is authorized to allocate to an enterprise project split into two half designations as provided by Section 2303.406(d-1) is 250.

SECTION 6. Amends Section 2303.4071, Government Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Defines "half enterprise project" in this section. Makes nonsubstantive changes.

(e) Provides that a half enterprise project is eligible for a maximum refund not to exceed \$125,000 in each state fiscal year and is subject to the capital investment and job allocation requirements under Section 2303.407(b)(1), (2), or (3) (relating to entitling certain capital investments in enterprise projects to certain tax refunds if certain job allocation requirements are met).

SECTION 7. Effective date: upon passage or September 1, 2013.